

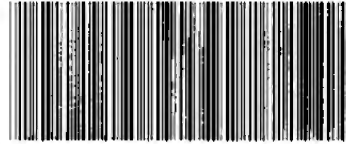
OFFICE OF  
*Janet L. Kalajainen*



REGISTER AND RECORDER  
LAWRENCE COUNTY

**Lawrence County**

Government Center  
430 Court Street  
New Castle, PA 16101-3593  
Phone: (724) 656-2128  
Fax: (724) 656-1966  
recorder@co.lawrencepa.us



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**RECORDING COVER PAGE**

Page 1 of 6

**Document Type:** Oil & Gas Lease  
**Document Date:** 07/08/2008

**Transaction #:** 536746  
**Document Page Count:** 5

**RETURN TO:**  
PENNECO PIPELINE CORPORATION  
6608 ROUTE 22  
PO BOX 300  
DELMONT, PA 15626-0300  
724-468-8232

**SUBMITTED BY:**  
PENNECO PIPELINE CORPORATION  
6608 ROUTE 22  
PO BOX 300  
DELMONT, PA 15626-0300  
724-468-8232

**PARCEL ID:** 24-089900  
**NUMBER OF IDS:** 1

**PARTY 1:** BEYOND CORP LLC

**CONSIDERATION/SECURED AMT:** \$1.00

**FEES / TAXES:**

Recording Fee	\$18.50
SOV Fee	\$0.00
Extra Page Fee	\$2.00
Parcel ID Certification Fee	\$10.00
<b>Total:</b>	<b>\$30.50</b>

**Document Number:** 2008-010171  
**Recorded Date:** 10/20/2008

I hereby CERTIFY that this document  
is recorded in the Recorder's Office of  
Lawrence County, Pennsylvania



*Janet L. Kalajainen*

Janet L. Kalajainen  
Recorder of Deeds

NOTE: If document data differs from cover sheet, document data always supersedes.  
\*COVER PAGE MAY NOT INCLUDE ALL DATA, PLEASE SEE INDEX AND DOCUMENT  
FOR ANY ADDITIONAL INFORMATION.

DO NOT REMOVE - THIS PAGE IS PART OF THE RECORDED DOCUMENT.

**OIL AND GAS LEASE**

MADE and entered into the 8 day of July, 2008, by and between:

**BEYOND CORP, L.L.C.**, a Pennsylvania limited liability company and whose mailing address is P.O. Box 138, Edinburg, PA, 16116, hereinafter called the "Lessor", and **PENNECO OIL COMPANY**, a Delaware corporation, with its principal office located at 6608 Route 22, Delmont, PA, 15626-0300, hereinafter called the "Lessee".

**WITNESSETH:** That the Lessor, for and in consideration of the sum of One (\$1.00) Dollar in hand well and truly paid by the Lessee, the receipt whereof is hereby acknowledged, and of the covenants and agreements hereinafter contained on the part of the Lessee to be paid, kept and performed, has leased and let and by these presents does lease and let unto the Lessee the lands described herein ("the Leased Premises") for the purpose of drilling and operating for and producing oil, liquid hydrocarbons, all gases, including without limitation, natural gas, methane gas, coalbed methane gas, and all constituent products.

All those certain tracts of land situate in Mahoning Township, Lawrence County and Commonwealth of Pennsylvania more specifically described on Exhibit "A" attached hereto. Containing 9 acres, more or less reserving, however, Two Hundred (200') Feet from dwelling houses and barns now on the premises, on which no well shall be drilled by either party except by mutual consent. All of the oil produced and recovered and all of the gas (subject to reservation or exception of gas for Lessor's use as hereinafter set forth) produced and recovered under the terms of this Lease are hereby granted, bargained and sold unto the said Lessee. Lessor agrees that Lessee may enter upon the leased premises, search for and clean out any abandoned oil or gas well, and such well shall then be considered to have been drilled under the terms of this lease and the same may be properly plugged and abandoned again or refitted and utilized by Lessee for the production of gas. The leased premises may be fully and freely used by the Lessor for other purposes, excepting such as are used by the Lessee in operating hereunder. Lessee further agrees to pay Lessor for any damage to growing crops, trees and fences, caused by Lessee in operating this lease.

Lessor also grants to Lessee the right to open, repair, maintain and use a roadway or roadways to wells or well locations on the Leased Premises or other lands with which the Leased Premises have been unitized ("the Unitized Lands"), the right to conduct geological and geophysical surveys and explorations and the right to construct, lay, maintain, operate, change and remove pipelines, the right to install tanks, compressors, valves and other necessary appurtenances, and all other appliances and structures on, over, and through said lands, and with all other rights and privileges, including free oil, gas, gasoline and water from the lands, necessary or convenient for the operation of the Leased Premises or the Unitized Lands for the transportation of oil or gas produced therefrom. The Lessee shall provide the Lessor with a written description of the Unitized Lands before gas or oil is removed from any part of the Unitized Lands.

**1. LESSOR'S COVENANTS.** Lessor hereby covenants that he is seized of an indefeasible fee interest in the land herein before described, together with all the underlying oil and gas, and that he will forever warrant and defend the leasehold estate hereby demised unto the Lessee against the lawful claims and demands of all persons whomsoever, and that Lessee shall have the exclusive, full free and quiet possession of said described premises for the purposes and during the term herein set forth. Lessor further agrees that the Lessee at its option may pay and discharge, when defaulted, any taxes, mortgages or other liens existing, levied or assessed on or against the above described lands, and in the event it exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty or rentals accruing hereunder.

**2. TERM.** It is agreed that this Lease shall remain in force for the term of four years from the date hereof, and as long thereafter as the Leased Premises or the Unitized Premises is producing oil or gas in paying quantities. Failure to produce gas or oil from the Leased Premises or the Unitized Lands in paying quantities for a consecutive period of one year shall effect an automatic termination of this lease.

Grantor retains the right to fully use and enjoy the Leased Premises, except for the purposes hereinbefore granted to the Grantee.

**3. TERMINATION.** Upon termination of the lease and not later than 60 days thereafter, the Lessee shall cap all wells and reclaim the Leased Premises to the extent that the Leased Premises will be in the same condition as existed on the date of this lease. The removal of all other facilities installed by the Lessee shall be completed not later than six months of the termination date. If this lease has been recorded, the Lessee, after such one year cessation of production shall

Parcel # 24-089900.

Certified by PW

cause the public records to show that it has been cancelled, but such cancellation shall not relieve the Lessee of any of its obligations hereunder including the removal of the pipeline and other tangible facilities and restore the Leased Premises. In the event the Lessee fails to cancel the lease as required by this agreement, Lessee shall be deemed to have appointed the Lessor as its agent for that purpose and thus, the Lessor shall be authorized to sign Lessee's name as its agent for the purpose of cancelling this lease.

**4. PAYMENT TO LESSOR.** In consideration of the premises the Lessee covenants and agrees as follows:

**Gas and Oil Royalties:** Lessee shall pay Lessor royalties equal to one-eighth (1/8) of the proceeds realized by Lessee on all oil and gas produced from and sold off the Leased Premises and the Unitized Premises. All payments due Lessor shall be deemed tendered when delivered or properly addressed and mailed, with prepaid postage, to Lessor. Payment of royalties for gas produced from and sold off the Leased Premises in any month shall be due and payable not later than the 20th day of the month immediately following. Failure to pay the royalties timely shall carry a 5% administrative charge and interest at the legal rate from the date the payment was due until actually received by the Lessor. Failure to timely make the rental payments more than once in any calendar year shall be sufficient reason for the Lessor to terminate the lease. The time and method of marketing gas or oil produced from any well on the Leased Premises or the Unitized Premises and the amount thereof that shall be used or marketed within any period of time shall be entirely within the discretion of the Lessee.

**Rental:** Lessee covenants and agrees to pay a rental at the rate of \$300.00 Dollars per acre not later than the 90<sup>th</sup> day after the signing of this lease. If oil and/or gas is not produced in paying quantities on the Leased Premises or the Unitized Premises within four years from the date of this lease, the lease shall expire and terminate and the rentals shall be retained by the Lessor.

**5. OPERATIONS.** All underground items shall be buried so as not to interfere with the Lessor's use of the land, and the Lessee shall pay any damages sustained by Lessor which arise from the laying, maintaining, operating and any final removing of any of said facilities. The Lessee shall restore the surface of the land immediately upon the underground installation of any item to a condition consistent with and harmonious with the land immediately adjoining the disrupted land and shall do so after every disruption of the surface. Lessee shall seek the prior written approval of Lessor for the location of all drillsites, roads, and pipelines on the Leased Premises, which approval shall not be unreasonably withheld. All operations and restorations shall be done in compliance with the requirements of this lease or all State and Federal laws, whichever is more strict and beneficial to the Lessor. Lessee shall maintain all equipment and keep all production areas clean and neat. Lessor shall pay to Lessee the fair market of trees damages, cut or whose removal is precluded by the operations of the Lessee. Fair market shall be determined as if standing. Lessee shall also pay Lessor the fair market value of all aggregates whose removal is precluded by the operations of the Lessee. The fair market value of the aggregates shall be the value in the ground. Lessee may use, free of cost, gas, oil or water found on said lands for its operations, except water from Lessor's wells. Lessee may at any time remove all casing and other equipment placed on the Leased Premises by Lessee, provided Lessee is not in default of this lease.

**6. GAS EXCEPTED.** Lessor hereby excepts and reserves from any well producing gas on the Leased Premises Three Hundred Thousand (300,000) cubic feet of gas per year per well drilled on the leased premises, or such part thereof as Lessor requires for its own, at Lessor's own risk; subject, however, to the use, operation, pumping and right of abandonment by Lessee of its wells and pipelines on the premises. In the first year of this lease the number of cubic feet shall be prorated on a calendar year. Lessor may at its own expense and upon written application, secure such gas by a service line laid to and connected either to any such well on the Leased Premises or to Lessee's pipeline leading from such well to market, the point of connection to be designated by Lessee. If Lessor in any year uses gas in excess of the quantity reserved or excepted, Lessor shall pay the current well head price. In the event the Lessor does not use 300,000 cubic feet of gas per well, Lessor shall be compensated for each unused foot at the current well head price. In case of default in payment for gas used in excess of 300,000 cubic feet per well, Lessee is hereby authorized to deduct the amount thereof from any royalty or other payments that are then due, or may later become due, under the terms of this lease, but Lessee assumes no obligations to furnish Lessor with gas in excess of the quantity reserved or excepted. The measurement and regulation shall be by meter furnished by Lessee and regulators furnished by Lessor and set at the tap on the well or line.

**7. DIRECTIONS FOR PAYMENT.** All payments hereunder may be made direct to the Lessor or by check or draft payable to the order of: Beyond Corp, L.L.C. and mailed to P.O. Box 138, Edinburg, PA, 16116.

**8. SURRENDER.** It is agreed that the Lessee may at any time, provided it is not in default hereof, remove all machinery and fixtures placed on the Leased Premises; and further, upon the payment of One (\$1.00) Dollar and all amounts due hereunder and the satisfaction of all other obligations due hereunder, Lessee shall have the right to surrender this Lease at any time as to all or any part or parts of the land covered by the same and thereupon shall be released and discharged from all payments, obligations, covenants and conditions herein contained, whereupon this lease shall be null and void as to the land in respect to which a surrender is made.

**9. FORCE MAJEURE.** If and when drilling or other operations hereunder are delayed or interrupted by any act, occurrence or matter beyond the reasonable control of the Lessee as the result of any cause whatsoever beyond the reasonable control of Lessee, the time of such delay or interruption shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

**10. TRANSFERS AND ADVERSE INTEREST.** In case of a conveyance of all or part of the Leased Premises, Lessee may continue to make all payments to Lessor until furnished with the original or a certified copy of any such deed on conveyance or other documents or proof to enable Lessee to identify the land conveyed as being all or part of the Leased Premises, or on written notice of any such conveyance, may hold all payments until furnished with such copy and other documents and proofs, and shall apportion the delay rental, and royalty, in case of any division, according to acreage. The Lessee shall not be required in any event to increase the delay rental, or the gas or oil royalty payments hereunder by reason of any royalty or interest in said oil and gas that may have been heretofore sold, reserved or conveyed by the Lessor or by its predecessors in title or otherwise; and if the Lessor does not have title to all the oil and gas in the Leased Premises and another has asserted a superior title, there shall be refunded such part of all payments made by the Lessee hereunder upon a determination that the Lessor does not have such title, as shall be proportionate to the outstanding title, and payments thereafter to be made shall be reduced in the same proportion. In case of notice of, or an adverse claim to the premises, affecting all or any part of the rentals, or royalties, Lessee may withhold payment or delivery of the same until their ownership is determined by compromise, or by final decree of a court of competent jurisdiction, and to this end Lessee may file a petition for interpleader.

*DLC.*  
*023*  
**11. UNITIZATION.** Lessor further grants to the Lessee, its heirs and assigns, the right to unitize all or any part of this Lease with other leases to form a drilling unit of Unitized Lands of no more than NE acres for development of the area provided a well is drilled on the Leased Premises and it produces gas in paying quantities. In the event this Lease is so unitized, the Lessor agrees to accept, in lieu of the royalty herein before recited, such proportion of the royalty above provided, as the Leased Premises bears to the Unitized Lands.

**12. AFFIDAVIT OF NON-PRODUCTION:** Lessors hereby warrant that (i.) the Leased Premises are not encumbered by any enforceable oil or gas lease of record or otherwise and that (ii.) they are not currently receiving any bonus, rental, production royalty, or shut-in royalty as the result of any prior oil and gas leases covering any or all of the subject property.

**13. CONSTRUCTION:** No structures or obstructions shall be placed by Lessor within One Hundred and Fifty (150) Feet of any well drilled hereunder without the consent of the Lessee. No structures or obstructions shall be placed or maintained by Lessor and no earth shall be removed from or filled upon, or within Ten (10) Feet of any roadway or pipeline installed hereunder without the consent of Lessee.

**14. APPROVAL OF LESSEE:** Lessor shall have the right to approve the location of wellsites, roadways and pipelines, which approval shall not be unreasonably withheld and which approval shall be evidenced only by a writing signed by the Lessor.

**15. DEFAULT BY LESSEE:** Lessor shall notify Lessee in writing by certified mail of any failure by Lessee to comply with any provision of this lease, whereupon Lessee shall have thirty days after receipt of such notice to correct the default. If the default cannot be cured within 30 days through the exercise of due diligence, then the Lessee shall have such additional time as may be necessary to cure the default within a reasonable time, provided the Lessee has commenced a cure of the default within 30 days of the receipt of such notice. However, Lessee shall be entitled to only one notice for nonpayment of royalties in any one calendar year. Two or more defaults in the timely payment of royalties to Lessor in one calendar year shall entitle the Lessor to terminate this lease.

16. **RECORDATION:** This lease shall not be recorded prior to a well having been drilled on the Leased Premises or the Unitized Premises that is producing gas or oil in paying quantities. Upon surrender or termination of this lease, Lessee shall cause the records in the Office of the Recorder of Deeds in and for Lawrence County, Pennsylvania, to be marked in such a manner reflecting the termination of the lease. If the Lessee has not cancelled of record the Lease within 30 days after termination, Lessee hereby appoints Lessor as its agent to have this lease cancelled of record in the Lawrence County Recorder's Office.

17. **ASSIGNMENT:** This lease, nor any part thereof, shall be assigned, transferred or subleased without the prior written permission of the Lessor. A change of 25% or more in the ownership of Lessee shall be deemed an assignment and if such occurs, Lessee shall be immediately notified in writing and it shall effect its election to terminate this lease within 90 days after such notice. This provision shall not apply to an assignee or sublessee whose interest in the lease is limited to horizontal drilling.


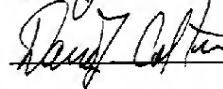
18. **ATTORNEYS FEES:** In the event of any dispute arising under this lease for any reason whatsoever and the dispute is resolved by a third party or forum, the prevailing party shall be entitled to its reasonable attorneys fees, costs and expenses, as well as the damages sustained. The tribunal charged with the responsibility for adjudicating the dispute shall also determine which party has prevailed and shall make an award of attorneys fees, costs and expenses with its damage award.


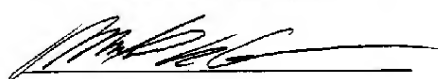
19. **JURISDICTION AND VENUE.** The parties agree that venue and jurisdiction relating to any dispute arising from or related to this lease shall be solely and exclusively in the Court of Common Pleas of Lawrence County, Pennsylvania, and the appellate courts of Pennsylvania. The Lessee waives any right it may have to remove to federal court or initiate any action in federal court from any dispute arising from or related to this Lease.

20. **INTEGRATION.** It is agreed that all terms, conditions, limitations and covenants between the parties hereto shall extend to their respective heirs, successors, personal representatives and assigns, that the entire contract and agreement between Lessor and Lessee is embodied herein, and that no verbal warranties, representations, or promises have been made or relied upon by Lessor or Lessee supplementing, modifying or as an inducement to this agreement. This paragraph is not intended to enlarge the right of assignment by the Lessee beyond what is specified in paragraph 17.

IN WITNESS WHEREOF the parties to this agreement have hereunto set their hands and seals the day and year first above written.

WITNESS:

  
\_\_\_\_\_  
  
\_\_\_\_\_

  
\_\_\_\_\_  
  
\_\_\_\_\_

"Lessors"

PENNECO OIL COMPANY

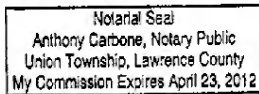
  
\_\_\_\_\_  
"Lessee"

COMMONWEALTH OF PENNSYLVANIA )

COUNTY OF LAWRENCE )

On this, the 8<sup>th</sup> day of JULY, 2008, before me, a Notary Public, the undersigned officer, personally appeared Edward Deyle & Michael Ambrosia, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that she/he executed the same for the purposes therein contained.

In witness whereof, I hereunto set my hand and official seal.



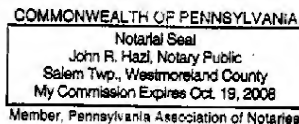
[Signature]  
Notary Public

COMMONWEALTH OF PENNSYLVANIA )

COUNTY OF WESTMORELAND )

On this, the 12<sup>TH</sup> day of SEPTEMBER, 2008, before me, a Notary Public, the undersigned officer, personally appeared Terrence S. Jacobs, who acknowledged himself to be the President of Penneco Oil Company, and that as such President, being authorized to do so, executed the foregoing instrument for the purpose therein contained by signing the name of the corporation by himself as President.

In witness whereof, I hereunto set my hand and official seal.



[Signature]  
Notary Public